GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1810
ANSWERED ON:26.07.2002
BANK OF RAJASTHAN
RASA SINGH RAWAT

Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn towards the gross irregularities and the scandals occurred sometime back in the Bank of Rajasthan Ltd.;

(b) if so, the details thereof;

(c) the steps taken by the Government in this regard ;

(d) the credit deposit ratio of the bank during the last three years and NPA as on date; and

(e) the number of farmers in Rajasthan who have been issued farmer credit cards by this Bank ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a) to (c) Yes Sir, RBI has reported that during the course of inspection ofthe Bank of Rajasthan Ltd. with reference to its financial position as on 31.12.1995 and a special scrutiny carried out thereafter revealed serious irregularities in the conduct of bank`s business, most of which had occurred in respect of certain borrowal accounts connected with the Bangur Group. A penalty of Rs. 20 Lac was imposed on the Bank on 3rd February, 1997. Chief Executive Officer also resigned from the Bank on24.06.1997. Subsequently, two promoters directors of the Bank belonging to the Bangur Group were removed by RBI from the Bank`sBoard in October 1997. Remaining six Directors of the same group wereremoved in March-April, 2000. The bank was restrained from induction of Director on the Board without specific prior approval of RBI.The matter is presently being investigated by CBI and the interim report of the CBI has observed that the funds to the tune of Rs. 69.63 croreswere diverted to the front/group companies of one of the promoter director Sh Keshav Bangur.

(d) The credit deposit ratio of bank of Rajasthan during the last three years and the gross non-performing assets are as under:

(Amount in crores of rupees)

Year ending 31st March	CD Ratio	Gross NPAs
2000	60.4%	396.71(20.02%)
2001	59.5%	362.03(17.02%)
2002	53.4%	332.84(15.7%)

(f) Information is being collected and will be placed on the Table of the House to the extent available.